

October 14, 2003

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

**AUTHORIZE THE CHIEF ADMINISTRATIVE OFFICER AND DIRECTOR OF THE
DEPARTMENT OF BEACHES AND HARBORS TO ENTER INTO EXCLUSIVE
NEGOTIATIONS FOR LEASE OPTIONS AND LONG-TERM LEASES/LEASE
EXTENSIONS FOR THREE DEVELOPMENT PROJECTS ON PARCELS NR/33R,
PARCEL IR AND PARCELS GR/22R-MARINA DEL REY
(4TH DISTRICT)
(3 VOTES)**

**JOINT RECOMMENDATION WITH THE CHIEF ADMINISTRATIVE OFFICER THAT YOUR
BOARD:**

1. Find that the proposed authorization to enter into exclusive negotiations for lease options and lease extensions is categorically exempt under the California Environmental Quality Act pursuant to class 1(r) of the County's Environmental Document Reporting Procedures and Guidelines.
2. Authorize the Chief Administrative Officer ("CAO") and Director of the Department of Beaches and Harbors ("Director") to proceed with exclusive negotiations with the following proposers:
 - a) EMC Investment Company ("EMC") for a mixed-use project including apartments, retail, restaurant and office space on Parcels 33R and NR;
 - b) Invest West Financial Corporation/Pacifica Hotel Investors, LLC ("IWP") for development of a hotel on Parcel IR; and
 - c) Marina del Rey Promenade, LLC ("MDR") for a proposed project including hotel, retail and restaurant space uses on the specific condition that the proposed project be limited to Parcels 22R and GR only.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

Pursuant to your Board's authorization, the Department issued a *Request for Proposals for Development of Hotel and/or Other Uses on Parcels GR, IR and NR in Marina del Rey* (the "RFP"). The RFP solicited proposals from parties interested in new development in Marina del Rey on these County controlled parking lots and also provided the opportunity for projects that combined the offered parcels with adjacent leased parcels, so long as such proposals demonstrated control of any such adjacent parcels. Proposals for resort-themed, visitor-serving uses were encouraged, consistent with the goals of the Marina del Rey Asset Management Strategy ("AMS"). The RFP also required that proposals provide for the full replacement of all public parking now located on the RFP parcels, either on-site or at nearby locations, in order to observe the policy guidelines set forth by the California Coastal Commission and the County Regional Planning Commission. In order to assist proposers in meeting this requirement, the RFP also contained a provision allowing up to 260 parking spaces to be located at Parcel 21, adjacent to Marina Beach, pursuant to an arrangement made with the Parcel 21 lessee (Goldrich & Kest) as part of the negotiation for the extension of the Parcel 21 lease, such spaces to be provided at the per-space development cost of the structured parking to be constructed on Parcel 21. Approval of these items by your Board would authorize the CAO and Director to proceed with exclusive negotiations with the three recommended proposers for development of Parcels NR/33R, IR and GR/22R.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

In the furtherance of County Goal #4, "Fiscal Responsibility," the recommended action will allow the Department to implement that portion of its Strategic Plan that enhances strategic partnerships with existing and prospective lessees through proactive implementation of the Marina del Rey Asset Management Strategy. Implementation of these goals will be accomplished in conjunction with architectural and urban planning guidelines that ensure the integration and aesthetics of the Marina's redevelopment while achieving fair market returns from County property.

FISCAL IMPACT/FINANCING

Each of the three proposals recommended for exclusive negotiation offer improved lease revenue on the parcels to be redeveloped. Current parcel income from proposed project sites and the projected additional income projected to be derived as a result of redevelopment is as follows:

- 1) Parcels NR/33R: a) Parcel 33R (Harbor House Restaurant) - \$122,000 annual rent; b) Parcel NR – approximately \$18,000 annual parking revenue. Combined parcels currently yield approximately \$140,000 annual County income. The recommended proposal is projected to provide approximately \$1,285,000 in annual County rent at stabilization, an increase of approximately \$1,145,000 annually.

- 2) Parcel IR: Approximately \$36,000 annual parking revenue. The recommended proposal is projected to provide approximately \$500,000 in annual County rent at stabilization, an increase of approximately \$464,000 annually.
- 3) Parcels GR/22R: a) Parcel GR – approximately \$187,000 in annual parking revenue. Parcel 22R – approximately \$684,000 in total annual County revenue. The vast majority of income from both parcels is provided by the subtenant Cheesecake Factory Restaurant sublease on Parcel 22R and associated overflow restaurant parking revenue at the adjacent County Parcel GR. As the larger proposed multi-parcel project is recommended to be restricted to Parcels 22R and GR only, it is not possible to accurately project total income from the two parcels as a result of the new project. However the principal County income generator (Cheesecake Factory Restaurant) will remain and the project will also provide expanded specialty retail and/or hotel uses and is, thus, projected to clearly provide higher, although currently undetermined, County income from the two parcels.

If negotiations are authorized, the County will incur costs for economic and legal consultants in the course of negotiation and document preparation for the eventual projects. To the extent that negotiations involve projects that include currently leased parcels for which a lease extension is sought as part of the development plan (i.e., Parcel 33R as part of the EMC Parcels NR/33R proposal, and Parcel 22R as part of the MDR parcels GR/22R proposal) the County will recover a pro rata share of its negotiating costs, pursuant to the Board-adopted lease extension policy for Marina del Rey.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

Five proposals were received prior to the RFP due date and reviewed by an evaluation committee ("Committee") appointed by the Director. The Committee was composed of Richard Volpert, Esq., the County's chief property negotiator; James Rabe, one of the Department's economic consultants; Richard Orne, one of the Department's architectural/design consultants and; Cheryl Fuerth of the Chief Administrative Office's Capital Projects/Debt Management Division. The five proposals received and evaluated were provided, respectively, by EMC, IWP, MDR, Camden Development, Inc. and Pacific Properties/Fancher Partners.

The Committee reviewed each proposal and conducted interviews with each proposer team, after which it scored and ranked each proposal and presented its recommendations to the Director. Details relating to the Committee's actions and its assessment and scoring of each proposal are set forth in the Committee's recommendation letter to the Director, attached as Exhibit 1.

The Committee recommended three proposals for exclusive negotiation, with which recommendation I concur. The details regarding the recommended projects are set forth below in the order of the Committee's ranking:

- a) EMC: The EMC proposal envisions a mixed-use (residential/retail/restaurant) project including 292 new luxury residential units on upper floors, while proposed ground level facilities would include 22,500 square feet of retail space, 13,200 square feet of restaurant space and 4,700 square feet of lessee office space to serve the residential and retail components - all located on Parcels 33R and NR (the intersection of Palawan and Admiralty Ways). 865 parking spaces will be provided on-site to meet requirements for the proposed apartments, retail, restaurant and office uses, including 191 spaces that replace the number of public parking spaces now existing on Parcel NR. The proposal also includes a publicly accessible observation deck atop the project and promenade treatment along the waterfront portions of the project site. The developer has provided a contract for the purchase of Parcel 33 from the current lessee and a lease extension for Parcel 33R is contemplated to run concurrently with the proposed new lease for Parcel NR. This proposal received the Committee's highest overall ranking.
- b) IWP: The IWP project proposes a new 147-room Residence Inn Hotel by Marriott on Parcel IR. The projected facility - a proposed "extended stay" hotel - is to include fully equipped kitchens, outdoor pool and public areas, construction configured as two separate buildings to provide an enhanced view corridor from the Via Marina entry to the water, and a beachfront promenade. Parking for the hotel facility and replacement of some public spaces is provided on-site by a combination of below -grade and surface parking, while the remainder of required public parking replacement spaces (approximately 70) are proposed to be located at Parcel 21, pursuant to the arrangement set forth in the RFP. IWP is the current lessee of the adjacent Parcel 27R (Jamaica Bay Inn) and Marriott Corporation has designated IWP as an approved franchise developer for Marriott hotels, thus providing authority for the proposed Marriott designation. The Committee ranked this proposal second overall among the five proposals received.
- c) MDR: The MDR project, as submitted, envisioned development on all offered RFP parcels as well as on Parcel 22R (Foghorn Inn/Cheesecake Factory Restaurant), currently leased to an entity beneficially owned by Chuck McGuire and Bill Arnold, who are also proposed minority beneficial owners of MDR. The submitted proposal envisioned an integrated project for the entire Marina Beach RFP area, including 332 apartments, a 34-room boutique hotel and over 80,00 square feet of specialty retail and restaurant space with approximately 300 parking spaces to be provided on the various project sites. While the Committee felt that the project was somewhat over ambitious and presented potential risks to the County in allowing a single development entity to proceed on multiple and varying projects for the entire Marina Beach area, it was impressed by many of the design components and the demonstrated strength of the development team. The Committee has therefore recommended exclusive negotiations be pursued with MDR, but limited to development of Parcels 22R and GR only, with projected uses restricted, per the requirements set for the in RFP, to visitor-serving

facilities such as the proposed hotel, retail (including specialty and grocery) and restaurant uses. The proposer has indicated its willingness to modify its proposal and the Committee ranked the MDR proposal third overall among the five submitted proposals.

The remaining proposals, submitted by Camden Development and Pacific Properties/Fancher Development, respectively, both sought to utilize Parcel NR for mixed-use projects. While each proposal represented creative and interesting proposed developments by experienced and strong development teams, each scored significantly lower than the recommended EMC project with which they were competing for the use of Parcel NR and were therefore not recommended. More complete details regarding each of the proposals and the relative scoring and ranking of all five submitted proposals is provided in the attached Exhibit 1.

Amendments Needed

The recommended projects would necessitate zoning changes sufficient to require amendment to the LCP as follows:

- a) EMC Investments Company. The LCP designates Parcel NR, located in Development Zone (DZ) 5, for parking use while Parcel 33R is designated as visitor-serving/commercial. The proposed development would involve a change in zoning on these parcels to Mixed Use Overlay Zone. The proposed use will also require the transfer of available residential entitlements from nearby DZs to DZ5.
- b) Invest West/Pacifica. The LCP designates Parcel IR, located in Development Zone 5, for Parking use. The proposed development would involve a change in zoning on this parcel to Waterfront Overlay Zone.
- c) MDR Promenade, LLC. The LCP designates Parcel GR, located in Development Zone 5, for Parking use. The proposed development would involve a change in zoning on this parcel to Waterfront Overlay Zone to accommodate proposed visitor-serving uses. No zoning change would be required for Parcel 22R.

The Small Craft Harbor Commission (SCHC) at its meeting held on October 8, 2003, voted unanimously (4-0, with one member absent) to approve the Director's recommendation to your Board to authorize exclusive negotiations with EMC Investments Company and Invest West/Pacifica and voted 3-1 to approve the Director's recommendation to your Board to authorize exclusive negotiations with MDR Promenade LLC (MDR). The dissenting Commissioner indicated he would like to review the specifics of a proposal for the two parcels to which we have recommended the MDR project be limited prior to making a final decision. Plans for the revised MDR project will be submitted to both the SCHC and your Board should negotiations for the modified proposal prove successful.

ENVIRONMENTAL DOCUMENTATION

Approval of the proposed authorization to enter into exclusive negotiations for lease options and lease extensions is categorically exempt under the California Environmental Quality Act pursuant to class 1(r) of the County's Environmental Document Reporting Procedures and Guidelines. The County, acting through the Regional Planning Commission, has previously approved a mitigated negative declaration for the proposed landside and waterside redevelopment/replacement contemplated to be performed under any restated or new lease. Development of proposed hotel, visitor-serving commercial and apartment improvements will require the issuance of various land use entitlements, including coastal development permits. In addition, hotel and visitor-serving commercial improvements will require a Local Coastal Plan amendment. Full environmental review will be conducted as part of the land use entitlement process. The issuance of permits authorizing any of the proposed construction will be contingent upon completion of the land use entitlement/ environmental review process. Exercise of any lease option or grant of a new lease or lease extension approved by your Board as a result of the exclusive negotiations recommended by this letter will be contingent upon the successful completion of these regulatory processes.

IMPACT ON CURRENT SERVICES OR PROJECTS

County-owned Parcels GR, IR and NR are all situated on the waterfront and currently serve as public parking lots. While the offered parcels are currently designated as public parking, a significant objective of the AMS is the relocation of such waterfront parking to off-water areas, and/or to provide alternative visitor-serving uses on such parcels that would incorporate such parking. In furtherance of this objective, the RFP contained a provision allowing for up to 260 public parking spaces located on the RFP parcels to be relocated to Parcel 21, the lessee of which has agreed to provide such parking as part of its arrangements for a lease extension for that parcel.

All three recommended proposals referred to herein provide for replacement of the existing public parking spaces which are 264 spaces on Parcel GR, 216 spaces on IR and 191 spaces on NR. Hence, there is no direct impact on County services. However, the County will need to ensure safe and convenient access from Parcel 21 east of the public beach to the area of Marina Beach.

CONCLUSION

Find that the proposed authorization to enter into exclusive negotiations for lease options and long-term leases/lease extensions with the three development proposers referenced herein is categorically exempt under the California Environmental Quality Act pursuant to class 1(r) of the County's Environmental Document Reporting Procedures and Guidelines.

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Authorize the Chief Administrative Officer and the Director of the Department of Beaches and Harbors to proceed with exclusive negotiations for lease options and long-term leases/lease extensions to develop, construct and operate the three recommended development projects in the Marina Beach area of Marina del Rey referenced herein and forward an adopted copy of this Board letter to both the Department and the Chief Administrative Office.

Respectfully submitted,



Stan Wisniewski
Director



David E. Janssen
Chief Administrative Officer

SW:RM

Attachments (1)

Exhibit 1: Marina Beach Evaluation Committee Report

c: Executive Officer, Board of Supervisors
County Counsel

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FILED

MEMORANDUM

To: Stan Wisniewski, Director
Department of Beaches and Harbors
County of Los Angeles

From: Marina Beach Resort RFP Evaluation Committee

Subject: Evaluation of Responses to *Request for Proposals for Development of Hotel and /or Other Uses on Parcels GR, IR, and NR in Marina del Rey*

Date: October 1, 2003

INTRODUCTION

The Marina Beach Resort Evaluation Committee (Committee) was formed to evaluate submittals received in response to the *Request for Proposals for Development of Hotel and /or Other Uses on Parcels GR, IR, and NR in Marina del Rey* (the "RFP"). These solicitations were approved by the Board of Supervisors and issued by the Department of Beaches and Harbors (the "DBH") on April 29, 2003.

All parcels offered in connection with the RFP are located in a single Development Zone (DZ), DZ5. The RFP area is also subject to the strategic redevelopment plan set forth in the Marina del Rey Asset Management Strategy ("AMS"), adopted by the Board of Supervisors on April 15, 1997. The AMS suggests the Marina Beach area as the second of two areas in the Marina targeted for redevelopment activity anticipated to also generate renewal of other nearby Marina parcels.

While the offered parcels are currently designated as public parking, a significant objective of the AMS is the relocation of such waterfront parking to off-water areas, or to provide alternative visitor-serving uses on such parcels that would incorporate parking. In furtherance of this objective, the RFP contained provision allowing for up to 260 public parking spaces located on the RFP parcels to be relocated to Parcel 21, the lessee of which has agreed to provide such parking as part of its arrangements for a lease extension for that parcel at a cost to proposers equal to such proposers share of the development cost on a per-space basis for the proposed Parcel 21 parking structure. Additionally, it was recognized that each RFP parcel will require an amendment to the Local Coastal Plan ("LCP") allowing for development of the uses proposed. As these proposed uses are largely visitor-serving and thus in conformity with the overall goals of the LCP to provide visitor-serving uses on the waterfront, the Committee was mindful of the proposed uses submitted by proposers and of the necessity to secure Coastal Commission approval for any proposed project. As part of its review, therefore, the Committee considered the likelihood of eventual regulatory approval of proposed project uses and configurations as well as the availability of needed entitlements for development.

The Marina Beach Resort RFP specifically requested visitor-serving proposals, with a lone exception allowing proposals for mixed-use development (residential combined with visitor-serving) on Parcel NR, provided that the residential uses were restricted to the upper floor(s) and a significant component of visitor-serving uses was placed at ground level. Further, proposals utilizing Parcel IR were required

to provide open space on the central portion of the parcel to enhance the view corridor and to add connections to the Marina Beach waterfront by means of a pedestrian access and a waterfront promenade.

The RFP also allowed submission of development proposals for other Marina parcels related by physical proximity for purposes of interconnected use, so long as the proposer could demonstrate control of such adjacent parcels included in its submission. Proposals which included a hotel component were particularly encouraged because the addition of hotel accommodations will serve to enhance the "critical mass" of hotel rooms and provide a dynamic, vital set of land use components on the Marina's west side.

DBH received a total of five (5) submissions from five separate respondents by the August 11, 2003 deadline. The Committee initially reviewed the submissions for conformity with the requirements of the RFP, and then examined the proposals to determine which merited further consideration for exclusive negotiation.

EVALUATION PROCESS AND METHODOLOGY

The proposals were evaluated by the Committee comprised of four members: Richard Volpert, Esq., the County's chief real property negotiator; James Rabe, one of the Department's economic consultants; Richard Orne, one of the County's architectural/design consultants; and Cheryl Fuerth of the Chief Administrative Office Capital Projects/Debt Management Division. The Committee's charge was to rank and recommend proposals to the Director for exclusive negotiations with the County.

The proposals were initially reviewed by the Committee for compliance with the submission requirements. The proposals were then considered, scored and ranked by the Committee according to the evaluation criteria set forth in the RFP, a summary of which is provided below:

Evaluation Criteria

Purpose: Development of new resort-themed, visitor-serving projects incorporating a pedestrian-friendly, waterfront-oriented design.

- Revenue Enhancement
- Implementability
- Implementation of AMS
- Upgrade of east side of Marina
- Creativity

The Committee met on two separate occasions to analyze the proposals and consider policy matters related to submissions. Prior to interviewing the respondents, the Committee distributed a list of general questions to all respondents as well as a list of questions specific to each respondent, to provide an initial basis for proposer interviews and to allow proposers the opportunity to consider a number of the Committee's concerns in advance of the interviews. The Committee then conducted interviews with all five respondents over a two-day period.

SUMMARY OF RECOMMENDATIONS

The Committee recommends two proposals for exclusive negotiations: 1) EMC Investments (Edward Czucker, principal) for development of Parcels 33 and NR and; 2) Invest West/Pacifica (Dale Marquis, principal) for development of Parcel IR.

The Committee also recommends a third proposal, the MDR Promenade (Separzedeh/McGuire/Arnold, principals) proposal for development of Parcels 22R, GR, IR, and NR, for exclusive negotiations on the specific condition that MDR Promenade agree to modify and limit its proposal and negotiations to projects to be sited on Parcels 22R and GR only.

While the Committee is unable to recommend either Camden Development, Inc. ("Camden") or the team of Pacific Properties & Fancher Partners ("Fancher") proposal, the Committee is appreciative of the time and effort expended in responding to the RFP and extends thanks to each of these respondents for their participation in the solicitation process. The Committee suggests that both Camden and Fancher would be positive additions to the roster of Marina lessees and should be encouraged, if opportunities for future Marina development or operations arise, to propose participation in such projects.

RESULTS OF EVALUATION

EMC Investment Company-Parcels 33R and NR

The EMC Investment Company ("EMC") submitted a proposal for a project encompassing Parcel NR as well as the adjacent Parcel 33R (a "Combined Proposal," specifically authorized under the terms of the RFP) on which the proposer holds a contract to purchase.

The conceptual plan calls for 292 luxury residential units including one Penthouse apartment; 22,500 square feet of retail space (including a specialty market use not currently present in the Marina); nearly 13,000 square feet of street level and waterfront restaurants; approximately 4,700 square feet of service commercial space to be utilized as the leasing office for the project residential/retail component and, 865 parking spaces provided on-site. The proposed project also includes a large 5,000 square foot roof top observation deck open to the public seven days a week. The Committee believes that the proposed project design provides significant enhancement of views and connections to the water from surrounding streets as well as a strong visitor-serving component that will meet the goals of the Marina del Rey Local Coastal Plan.

The EMC proposal is projected to provide estimated annual revenue to the County of approximately \$1,250,000 at stabilization and contains a combination of visitor-serving uses, residential uses and ample on-site parking for all uses. The proposal would provide the only public access rooftop observatory in the Marina and its use of striking contemporary architecture, combined with panoramic views, would provide a unique and exciting attraction for the Marina Beach area.

The Committee has determined that the EMC development team has the necessary experience, track record and financial resources to successfully design, finance, build, lease and manage the proposed project. The Committee notes that EMC has completed over \$750 million in California real estate development transactions since the company's inception in 1950. EMC also indicates it is currently in

discussions with General Growth Properties (NYSE:GGP), the nation's second largest retail shopping mall owner/operator, to master-lease the retail component of the proposed project and has also conducted discussions with a number of proposed retail and restaurant tenants of national standing that have indicated interest in operating within the project.

While the Committee strongly recommends this proposal for exclusive negotiations on Parcels 33R and NR, the Committee suggests that certain elements of the proposed design will require further study. The Committee is primarily concerned with whether the design will comply with the requirement that the proposer provide a 40% view corridor to accommodate the proposed 75-foot building height and whether or not 8 floors and a 75-foot height will be approved. In addition, the impact on design, configuration and operation of the proposed project if the Coastal Commission does not approve the proposed design needs to be considered. In the event that all elements of the proposed design are not allowed due to required expansion of proposed view corridors, EMC has indicated that it is willing to proceed with the project by reducing the proposed number of apartment units and retail space, with a consequent reduction in required parking. *Score: 89.*

Invest West/Pacifica-Parcel IR

The Invest West/ Pacifica ("IWP") proposal envisions an extended stay hotel project for Parcel IR. The principal of IWP is the lessee of the adjacent Marina Parcel 27 – Jamaica Bay Inn. In addition to operating the Best Western Jamaica Bay Inn in the Marina and the Holiday Inn Express on Washington Boulevard adjacent to Marina del Rey, IWP operates a number of other Southern California hotels, including 24 owned hotels, 19 of which it self-manages.

The Committee believes that the IWP proposal for a 147 room "extended stay" Residence Inn Hotel by Marriott meets the overall goals of the RFP. The proposer has already received its approval as a Marriott franchisee. Operation of the hotel is projected to provide approximately \$510,000 of ground rent to the County annually at stabilization, while providing the Marina with much needed hotel product in the mid-price range. The proposed design, containing bifurcated buildings to allow for a central view corridor, enhances both the view and pedestrian connections to other Marina locations.

While the Committee recommends this proposal for exclusive negotiations on Parcel IR, the Committee suggests that certain elements of the proposed design will need to be further refined. The proposal offered pockets of surface parking, placed somewhat below grade to provide enhanced view corridors, and offered additional view sight lines. Ingress and egress, however, may need to be further refined (e.g., the Committee questioned the feasibility of placing a second driveway on Admiralty Way as called for in the site plan, and the Committee believes that the projected left turn lane to/from the property requires further consideration in conjunction with traffic planning and the Department of Public Works). Also, the Committee had concerns regarding security associated with the public walkway through the middle of the project. The Committee notes that, as an extended stay product, the proposal does not include any food service or other retail to engage the public, but does provide a needed hotel product and design enhancements that will fit well with other proposed and existing projects in the Marina Beach area. *Score: 84.*

MDR Promenade-Parcels 22R and GR

The MDR Promenade, LLC ("MDR") proposal was submitted by Action Investment Group (Mayer Separzede, principal) and William Arnold/ Chuck McGuire, the current lessees of Parcel 22R (Foghorn Inn). This Combined Proposal for Parcels 22R, GR, IR, and NR envisions creation of a "local village" where Marina area residents could live/work in lofts, contains a site plan configured for cycling or walking, and one that would attract visitors with upscale, street-level and boardwalk retail facilities. The plan includes an electric shuttle to be utilized during peak traffic hours to provide mitigation of traffic impacts. The Combined Proposal's site plan for Parcels IR and 22R contains a 34 room "boutique" hotel, 117 dwelling units over retail and restaurant (including retaining a renovated Cheesecake Factory Restaurant), with a below grade parking garage on Parcel 22R and 61 residential units over retail and restaurant with a parking structure on Parcel GR. However, the Committee felt that the proposed 34-room "boutique" hotel on Parcel IR, projected at a cost-per-room basis consistent with high-level quality, was priced at an inappropriately low level, thereby raising a question as to the projected price point/target market level of the hotel component as part of the overall plan. The proposed site plan also includes 83,000 square feet of retail and restaurant including 40,000, 22,000, 18,000, and 3,675 square feet on Parcels 22R, IR, GR, and NR respectively. As submitted, the proposal would provide approximately \$1.55 million annually in County rent at stabilization.

The proposer, during its interview, also indicated that the proposed 154-unit apartment complex on NR and other residential components added to the overall design in order to support the economics of the Combined Proposal. However, the RFP was specific in its indication that any residential components of submitted plans be both limited to Parcel NR and supported by a significant visitor-serving component. Obtaining regulatory approval from the Regional Planning Commission and the California Coastal Commission will be required for the change of use envisioned for all RFP parcels and a significant visitor-serving element will, in the estimation of the Committee, be required in all parcel uses. The Committee, therefore, had doubt that all elements of the project as submitted could be approved by regulatory authorities.

As proposed, the building heights of 75 to 95 feet presented a bold and imaginative design concept but as presently configured, do not appear to contain sufficient compensating view corridors. While the Committee appreciates MDR's attempt to enhance the development options by combining all three RFP parcels, we also perceive considerable risk to the County if a single respondent is allowed to develop all three parcels.

The Committee also raised a concern relating to the proposed location of a parking structure along the water frontage facing the channel. The Committee feels that the water views facing north and east, occupied by the proposed parking structure on Parcel GR in the current plan, would be better utilized by restaurant or other visitor-serving retail uses along this water frontage facing the Basin D channel. In addition, the Committee believes that the massing and building heights along Parcel 22R and the west half of Parcel GR should be revised to provide an enhanced view corridor looking east into Basin D.

The Committee recommends an exclusive negotiation with the respondent on the condition that the proposer consents to a revised plan to include only Parcels 22R and GR. The Committee believes that the requirements of the solicitation and the overall design/use aims envisioned in AMS could be achieved by redeveloping these two parcels in concert, while retaining one of the Marina's most popular

and profitable restaurants currently located on Parcel 22R (Cheesecake Factory). The use of GR, a parcel with streetside area largely removed from the waterfront, could provide ample opportunity for parking replacement while freeing the waterside portion of GR and all of Parcel 22R for a combination of hotel, restaurant and retail uses that would be highly complementary to the overall Marina Beach development.

The Committee also believes that the project team would further benefit by addition of a member with experience and expertise in retail development, as the current team member's expertise appears to be largely in the office and hotel development areas. This would further mitigate risk and enhance the ultimate feasibility of the proposal. *Score: 71.*

Camden Development – Parcel NR

Camden Development, Inc. ("Camden") submitted a mixed-use (residential/retail) proposal for Parcel NR. Camden is a multifamily Real Estate Investment Trust (REIT) headquartered in Texas that owns and operates 145 apartment communities nationally, containing a total of 55,000 units. Camden's recent projects include significant multi-family development in Mission Viejo, Long Beach and other southern California venues. As a publicly traded REIT, Camden is able to fully fund its projects via internal equity, and thus presents a proposed project with a high likelihood of obtaining project funding.

The proposal envisions 150 luxury residential units (130 of which are 1 bedroom) in a 3 or 4 story structure with, however, only 5,000 square feet of "resident serving" retail and 150 parking spaces. The proposal would provide \$500,000 in annual ground rent to the County at stabilization.

The Committee does not recommend this proposal due to the lack of a significant visitor-serving component as required by the RFP and the lack of a plan to provide replacement parking for the existing 191 public parking spaces. The Committee did, however, appreciate the proposer's willingness to revise its proposal to include such visitor-serving elements and replacement parking as well as its demonstrated abilities and expertise in multi-family developments. The Committee also felt that Camden's presentation and stature as a leading multi-family residential developer should lead the County to encourage this respondent to pursue other purely residential development opportunities in the Marina. *Score: 65.*

Pacific Properties/Fancher Partners – Parcel NR

Pacific Properties and Fancher Partners ("Fancher") submitted a proposal for Parcel NR calling for a total of 106 residential units, 16,000 square feet of restaurant and 2,000 square feet of retail uses. The proposal would provide 333 parking spaces and utilized the off-site parking provided for in the RFP for 191 replacement parking spaces (the RFP indicates that the County has a proposed agreement with the lessee on Parcel 21 to provide land area for the construction of replacement parking by which respondent may offer to pay its pro-rata share of the development cost in lieu of providing such parking on-site).

After the interview, Fancher provided corrected ground rent projections. The revised projections showed County ground rent at stabilization to be \$377,000.

Pacific Properties owns 20,000 multifamily units and 2.8 million square feet of retail space. Fancher has 20 years experience in regional mall, power center and lifestyle retail center development and headed the development subsidiary of AMC Theatres, but has not demonstrated particular multi-family development or operational expertise.

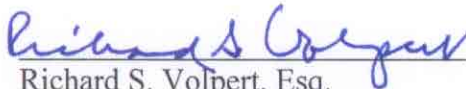
The Fancher proposal was not recommended due to its less attractive return to the County and the Committee's preference for the EMC design and configuration, thus resulting in a lower score on the judged criteria. However, the Committee appreciated Fancher's creative design interpretation of the view corridor as provided based upon linear feet along Admiralty Way sidewalk versus linear feet along the water line. The Committee also felt, however, that the proposed parking garage at grade limited pedestrian access, thereby limiting the availability of the promenade for two thirds of the length of the parcel. Further, the Committee preferred joint venture partners with a more extensive track record with this mixed-use real estate product type and with each other. *Score: 62.*

CONCLUSION

Of central importance to the Committee in making its recommendations was the overriding objective of seeking integrated developments and/or those designed to incorporate adjacent or contiguous parcels into a "critical mass" which would establish Marina del Rey as a prime destination resort area balanced by hotel, retail, dining, recreational and residential uses.

By providing a critical mass of resort-oriented, visitor-serving projects, the Committee's recommendations fulfill the objective of the AMS to bring "a powerful sense of place" to the Marina Beach area thereby increasing public enjoyment of the waterfront.

Respectfully submitted by the members of the Marina Beach Evaluation Committee, as set forth below.



Richard S. Volpert, Esq.
Partner
Munger, Tolles & Olsen LLP



Cheryl Fuerth
Manager Property Development
County of Los Angeles (CAO)



James Rabe
Principal
Keyser Marston Associates



Richard Orne
Principal
Orne & Associates